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*Intell 15*

20 September 1974

MEMORANDUM FOR: AD/DCI/IC

SUBJECT : "New" ASD(I) Methodologies

1. We have discussed this with [ ] He does not have any new approach to prioritizing, or quantifying, expected value for collection, versus risk and cost. 25X

2. His concern is the same as ours, in that he feels strongly that the community needs to develop a way of identifying the cost to satisfy a requirement, and to identify the qualitative improvement to be gained for that cost. He tried to have [ ] and the Ad Hoc Committee do this with regard to one of its projects, but was unsuccessful. [ ] and his Ad Hoc Committee did make a rough attempt to quantify the value of expected gain in another program context last year when the members took likely potential hardware gains in their substantive areas and tried to price the value of having such hardware versus trying to obtain the same information by other means as another way of pricing out Foreign Material Exploitation. X1 X1

3. The difference from his approach and that being taken in KEP is the assignment of value and priority to a requirement BEFORE the collection takes place, rather than an 'after-action costing' as is now the case in KEP. He acknowledges this to be very difficult, and does not profess to know how to do it. (I further gathered that he does not have a specific action underway to do so in any near-term period.)

4. We have checked with NSA with respect to General Allen's "work," and find no specific work in progress to establish marginal costs for KIQA. They are determining costs for the KEP FY-74 pilot program performance report.

SIGNED

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